

**M**ABUHAY  
HOLDINGS CORPORATION

July 31, 2024

**THE PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 5th Avenue corner 28th Streets  
Bonifacio Global City, Taguig City

Attention: **ATTY. STEFANIE ANN B. GO**  
**Officer-in-Charge, Disclosure Department**

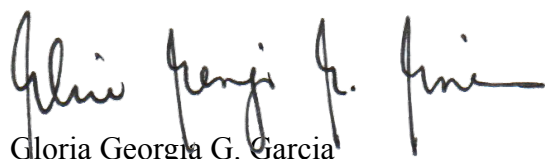
Subject: **MABUHAY HOLDINGS CORPORATION**  
**Second Quarter Report ended June 30, 2024**

Gentlemen:

We submit herewith a copy of the Second Quarter Report for the period ended June 30, 2024 (SEC Form 17-Q) of MABUHAY HOLDINGS CORPORATION.

Hope you will find this in order. Thank you.

Very truly yours,



Gloria Georgia G. Garcia  
Treasurer and Corporate Compliance Officer

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town/Province)

3	5	T	H		F	L	O	O	R																				
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Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, if applicable

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COMPANY INFORMATION

Company's Email Address

mabuhayholdings@yahoo.com
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Company's Telephone Number(s)

8850-2000
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Mobile Number

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No. of Stockholders

197
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Annual Meeting (Month/Day)

last Friday of April
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Fiscal Year (Month/Day)

December 31
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CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

GLORIA GEORGIA G. GARCIA
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Email Address

ggg.mhc@gmail.com
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Telephone Number(s)

8850-2000
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Mobile Number

09088941610
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Contact Person's Address

35 <sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
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**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the Quarter Ended **June 30, 2024**
2. Commission Identification Number: **150014**
3. BIR Tax Identification Number: **047-000-473-206**
4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**
8. Issuer's Telephone Number, Including Area Code: **(632) 8850-2000**
9. Former Name, former address, former fiscal year, if changed from last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<b>Common shares</b>	<b>1,200,000,000</b>
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11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes	[ <input checked="" type="checkbox"/> ]	No	[ <input type="checkbox"/> ]
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If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

<b>Philippine Stock Exchange</b>	<b>Common stock</b>
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12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 to 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes	[ <input checked="" type="checkbox"/> ]	No	[ <input type="checkbox"/> ]
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- (b) has been subject to such filing requirements for the past 90 days

Yes	[ <input checked="" type="checkbox"/> ]	No	[ <input type="checkbox"/> ]
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**PART I – ITEM 1 - FINANCIAL STATEMENTS**

**MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND DECEMBER 31, 2023**  
**(All amounts in Philippine Peso)**

	Notes	Unaudited June 30, 2024	Audited December 31, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	2	₱25,387,748	₱39,408,062
Financial assets at fair value through profit or loss	3	114,211,827	117,980,762
Receivables and other current assets	4,12	48,786,929	56,900,257
Total current assets		188,386,504	214,289,081
<b>Non-Current Assets</b>			
Property and equipment, net	5	1,816,031	362,751
Investment properties	6	591,543,393	590,199,464
Total non-current assets		593,359,424	590,562,215
<b>TOTAL ASSETS</b>		<b>₱781,745,928</b>	<b>₱804,851,296</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	7	₱11,826,531	₱20,738,376
Borrowings	8,12	13,624,642	13,624,642
Advances from related parties	12	9,249,147	9,271,875
Income tax payable		40,179	338,847
Advances from prospective shareholders	9	194,695,274	194,695,274
Total current liabilities		229,435,773	238,669,014
<b>Non-Current Liabilities</b>			
Provision for retirement benefits	15	3,276,044	3,276,044
Deferred income tax liabilities, net		130,308,280	130,308,280
Total non-current liabilities		133,584,324	133,584,324
Total Liabilities		363,020,097	372,253,338
<b>EQUITY</b>			
Attributable to Shareholders of the Parent Company			
Share capital	10	₱975,534,053	₱975,534,053
Treasury shares	10	(58,627,864)	(58,627,864)
Retained earnings (deficit)		(709,397,188)	(694,453,028)
		207,509,001	222,453,161
Non-controlling interest		211,216,830	210,144,797
Total equity		418,725,831	432,597,958
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>₱781,745,928</b>	<b>₱804,851,296</b>

*See accompanying notes to consolidated financial statements.*

**MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED JUNE 30, 2024 AND 2023**

(All amounts in Philippine Peso)

Unaudited

	Notes	Quarters Ended		Year-to-Date	
		2024	2023	2024	2023
<b>INCOME</b>					
Rental income	6	₱1,066,697	₱993,235	₱2,105,393	₱1,986,470
Management and service fee		267,857	500,794	768,651	2,166,274
Foreign exchange gain, net		135,548	91,660	203,252	-
Interest income		6,634	268,929	16,128	436,368
Dividend income		229,973	178,823	404,865	240,379
		1,706,709	2,033,441	3,498,289	4,829,491
<b>EXPENSES</b>					
Salaries and employee benefits	14	1,866,681	1,565,254	4,094,026	3,660,625
Professional fees		204,267	272,571	408,538	476,842
Depreciation		77,441	97,259	108,815	229,142
Unrealized loss on revaluation of financial assets at FVPL		11,100,550	18,928,075	3,768,935	25,327,467
Foreign exchange loss, net		-	-	-	71,349
Other operating expenses	16	4,455,819	2,943,647	8,832,696	7,704,061
		17,704,758	23,806,806	17,213,010	37,469,486
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		(15,998,049)	(21,773,365)	(13,714,721)	(32,639,995)
<b>PROVISION FOR INCOME TAX</b>		71,900	85,052	157,406	344,806
<b>NET INCOME (LOSS)</b>		(16,069,949)	(21,858,417)	(13,872,127)	(32,984,801)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		(₱16,069,949)	(₱21,858,417)	(₱13,872,127)	(₱32,984,801)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO:</b>					
Shareholders of the Parent Company		(₱16,229,279)	(₱20,219,007)	(₱14,944,160)	(₱30,383,131)
Non-controlling interest		159,330	(1,639,410)	1,072,033	(2,601,670)
		(₱16,069,949)	(₱21,858,417)	(₱13,872,127)	(₱32,984,801)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>					
Shareholders of the Parent Company		(₱16,229,279)	(₱20,219,007)	(₱14,944,160)	(₱30,383,131)
Non-controlling interest		159,330	(1,639,410)	1,072,033	(2,601,670)
		(₱16,069,949)	(₱21,858,417)	(₱13,872,127)	(₱32,984,801)
<b>Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company</b>					
		(0.01664)	(0.02073)	(0.01532)	(0.03115)

See accompanying notes to consolidated financial statements.

**MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIODS ENDED JUNE 30, 2024 AND 2023**

(All amounts in Philippine Peso)

Unaudited

	Shareholders of Parent Company					Non-controlling Interest (NCI)	Total
	Share Capital (Note 10)	Treasury Shares (Note 10)	Retained Earnings (Deficit)	Attributable to Shareholders of the Parent Company			
Balances at December 31, 2022	₱975,534,053	(₱58,627,864)	(₱631,295,740)	₱285,610,449	₱211,772,055	₱497,382,504	
Comprehensive Income (Loss)							
Net loss for the period	-	-	(30,383,131)	(30,383,131)	(2,601,670)	(32,984,801)	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive loss for the period	-	-	(30,383,131)	(30,383,131)	(2,601,670)	(32,984,801)	
Balances at June 30, 2023	₱975,534,053	(₱58,627,864)	(₱661,678,871)	₱255,227,318	₱209,170,385	₱464,397,703	
Balances at December 31, 2023	₱975,534,053	(₱58,627,864)	(₱694,453,028)	₱222,453,161	₱210,144,797	₱432,597,958	
Comprehensive Income (Loss)							
Net loss for the period	-	-	(14,944,160)	(14,944,160)	1,072,033	(13,872,127)	
Other comprehensive income (loss)	-	-	-	-	-	-	
Total comprehensive income (loss) for the period	-	-	(14,944,160)	(14,944,160)	1,072,033	(13,872,127)	
<b>Balances at June 30, 2024</b>	<b>₱975,534,053</b>	<b>(₱58,627,864)</b>	<b>(₱709,397,188)</b>	<b>₱207,509,001</b>	<b>₱211,216,830</b>	<b>₱418,725,831</b>	

See accompanying notes to consolidated financial statements.

**MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED JUNE 30, 2024 AND 2023**  
**(All amounts in Philippine Peso)**  
**Unaudited**

	January 1 - June 30 2024	January 1 - June 30 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
LOSS BEFORE INCOME TAX	(₱13,714,721)	(₱32,639,995)
Adjustments for:		
Unrealized loss (gain) on revaluation of financial assets at FVPL	3,768,935	25,327,467
Depreciation	108,815	229,142
Interest income	(16,128)	(436,368)
Unrealized foreign exchange loss (gain)	(203,252)	71,349
Dividend income	(404,865)	(240,379)
Operating profit (loss) before working capital changes	(10,461,216)	(7,688,784)
Decrease (increase) in:		
Receivables and other current assets	8,113,328	(6,314,296)
Increase (decrease) in:		
Accounts payable and other current liabilities	(8,911,845)	164,719
Advances from related parties	(22,728)	254,401
Cash provided by (used in) operating activities	(11,282,461)	(13,583,960)
Interest received	16,128	436,368
Dividend received	404,865	240,379
Income taxes paid	(456,074)	(390,132)
Net cash generated from (used in) operating activities	(11,317,542)	(13,297,345)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to investment properties	(1,343,929)	-
Additions to property and equipment	(1,562,095)	(160,715)
Additional investment in financial assets at FVTPL	-	(1,855,050)
Net cash used in investing activities	(2,906,024)	(2,015,765)
<b>NET INCREASE (DECREASE) IN CASH</b>	(14,223,566)	(15,313,110)
<b>Cash at January 1</b>	39,408,062	83,241,547
<b>Effect of exchange rates on cash</b>	203,252	(71,349)
<b>Cash at June 30</b>	₱25,387,748	₱67,857,088

*See accompanying notes to consolidated financial statements.*

**MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED AGING OF RECEIVABLES (Note 4)**  
**AS OF JUNE 30, 2024**

	<b>TOTAL</b>	<b>1-30 DAYS</b>	<b>31-60 DAYS</b>	<b>OVER 61 DAYS</b>
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Eduardo V. de Mesa	600,000			600,000
Greenroof Corporation	40,866,999			40,866,999
Others	3,971,023	1,927,339		2,043,684
<b>Totals</b>	<b>₱46,012,894</b>	<b>₱1,927,339</b>	<b>-</b>	<b>₱44,085,555</b>

## **Mabuhay Holdings Corporation and Subsidiaries**

Notes to Consolidated Financial Statements

As at June 30, 2024 and December 31, 2023

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

### **Note 1 - General information; status of operations**

Mabuhay Holdings Corporation (the Company or Parent Company) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.83% owned by Zenith Element Limited, a company incorporated and registered under the laws of the British Virgin Islands on April 17, 2018 as an investment holding company. The remaining 70.17% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990, there were no other share offerings subsequent thereto. Accordingly, the Company is considered a public company under Rule 3.1 of the Implementing Rules and regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The Parent Company's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 8 employees as at June 30, 2024 and December 31, 2023.

The Group's activities are limited to preservation and maintenance of existing investment properties and development of low-cost housing project carried out by its Subsidiary. The project was completed on December 2022.

As for its investment properties, the Group sold two parcels of land in 2021 and has entered into a new lease contract with a new tenant for a period of three (3) years commencing on September 15, 2021.

On August 9, 2023, the Parent Company's wholly-owned subsidiary, T&M Holdings, Inc.(TMHI) , entered into a Deed of Sale agreement for the purchase of a parcel of land for the purpose of developing and converting it to an affordable housing project with a total area of thirty six thousand six hundred seventy nine (36,679) square meters located in Barangay Bolboc, Lipa City, Batangas. TMHI has fully paid for the acquisition recorded in the books as "Investment properties". As at June 30, 2024, TMHI is in the process of documenting the transfer of ownership of the property, documentation of the planned subdivision project and planning for its design and development. Additional costs incurred in relation to documentation and planning for design and development are charged to the account.

The following comprise the Group's short-term and long-term plans:

1. To acquire and develop properties for lease purposes;
2. To acquire properties for development of affordable housing units as part of its corporate social responsibility to contribute to the housing requirements of the country;
3. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations.

Management is of the opinion that the Group's cash flows will continue to satisfy the Group's current working capital requirements for the next twelve months. Its subsidiaries have no significant working capital requirements and most are currently dormant. The Group will continue to look for opportunities to invest in projects that will bring benefit to our shareholders and the community as a whole.

The above plans will contribute to improve the results of operation of the Group in the future. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

**Note 2 - Cash**

The account at March 31 and December 31 consists of:

	June 30, 2024	Dec 31, 2023
Cash on hand	32,000	32,000
Cash in banks	25,355,748	39,376,062
	25,387,748	39,408,062

Cash in banks earn interest at the prevailing bank deposit rates.

**Note 3 - Financial assets at fair value through profit or loss**

Movements in financial assets at fair value through profit or loss (FVPL) for the period ended June 30, 2024 and the year ended December 31, 2023 are as follows:

	June 30, 2024	Dec 31, 2023
Balance as at beginning of period	117,980,762	179,709,295
Acquisitions	-	1,855,050
Disposal	-	-
Gain (loss) on revaluation	(3,768,935)	(63,583,583)
Balance as at end of period	114,211,827	117,980,762

The account as at June 30, 2024 and December 31, 2023 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation). Changes in fair values of financial assets at fair value through profit or loss are recorded in unrealized gain (loss) on revaluation of securities in profit or loss.

Dividends earned amounted to P404,865 for the six-month period ended June 30, 2024 and P590,530 for the year ended December 31, 2023 credited to profit and loss.

**Note 4 - Receivables and other current assets**

The account at June 30 and December 31 consists of:

	June 30, 2024	Dec 31, 2023
Receivables:		
Advances to a contractor	40,866,999	48,871,149
Due from related parties	1,770,891	1,647,286
Advances to employees	1,927,339	2,085,837
Advances to third parties	865,132	600,000
Other receivables	582,533	1,142,729
	46,012,894	54,347,001
Other current assets:		
Prepayments	2,774,035	2,553,256
	48,786,929	56,900,257

Advances to a contractor pertain to payments made by the Group through its Subsidiary to Greenroof Corporation (GRC) for the construction and development of a low-cost housing project. These are applied to progress billings received from the contractor.

On November 18, 2020, the Group and GRC entered into a joint development agreement (JDA) for the purchase of land and low-cost housing development project owned and operated by GRC and for the continuous construction, development and completion of the project by GRC as the contractor.

On November 15, 2021, the Company and GRC agreed to certain amendments in the JDA as follows:

- a. The Company to provide financing for the completion of the project; and
- b. The Company will provide assistance in project management such as administrative work, sales and marketing services, procuring construction materials, and all other assistance in relation to the implementation of the project, assistance in documentation process for the approval and release of housing loans with PAG-IBIG Fund or other financing institution, and issuance of individual tax declaration and other documents related to the project. In return, the Company shall be paid a project management fee and a success or bonus fee for the realization of the desired profits from the project mutually agreed between the parties.

For the six-month period ended June 30, 2024 and the year ended December 31, 2023, the Company has earned management and service fee arising from the revised arrangement amounting to P0.769 million and P4.68 million, respectively. These are recognized over time in profit or loss.

Advances to third parties are cash advances made to third parties and are collectible in cash.

Other receivables pertain to communication, utilities, repairs and maintenance billed to its tenants.

Prepayments mainly comprise of prepaid taxes and insurance.

### **Note 5 - Property and equipment**

Details of property and equipment as at and for the periods ended June 30, 2024 and December 31, 2023 follow: Depreciation expense of P108,815 for the six-month period ended June 30, 2024 is charged to expenses. There were no disposals during the period.

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
<b>COST</b>							
Balances as at December 31, 2023	1,662,116	1,315,140	191,423	13,746,305	6,118,393	3,859,242	26,892,619
Additions	-	216,095	-	-	1,346,000	-	1,562,095
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2024	1,662,116	1,531,235	191,423	13,746,305	7,464,393	3,859,242	28,454,714
<b>ACCUMULATED DEPRECIATION</b>							
Balances as at December 31, 2023	1,662,116	971,183	191,423	13,746,305	6,099,599	3,859,242	26,529,868
Additions	-	101,264	-	-	7,551	-	108,815
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2024	1,662,116	1,072,447	191,423	13,746,305	6,107,150	3,859,242	26,638,683
<b>NET BOOK VALUES</b>							
December 31, 2023	-	343,957	-	-	18,794	-	362,751
<b>June 30, 2024</b>	-	<b>458,788</b>	-	-	<b>1,357,243</b>	-	<b>1,816,031</b>

**Note 6 - Investment properties**

As at June 30, 2024, the Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of T&M Holdings, Inc. (TMHI), The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiaries, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 15.97 hectares. The condominium unit, which is located in Makati with a total floor area of 676 square meters, is being leased out to third parties by the Parent Company.

Movement of the account as at June 30 and December 31 follows:

	June 30, 2024	Dec 31, 2023
Balance as at beginning of period	590,199,464	539,524,000
Fair value gains	-	13,742,000
Additions	1,343,929	36,933,464
Balance as at end of period	591,543,393	590,199,464

In 2023, the Group acquired an additional investment property with a cost of P36.93 million for the purpose of developing and converting it to an affordable housing project. As at June 30, 2024, the Group is in the process of documenting the transfer of ownership of the property, documentation of the planned subdivision project and planning for its design and development. Additional costs incurred in relation to documentation and planning for design and development are charged to the account.

**Note 7 – Accounts payable and other current liabilities**

The account at June 30 and December 31 consists of:

	June 30, 2024	Dec 31, 2023
Accounts payable and other accrued expenses	7,401,978	16,734,907
Accrued interest on borrowings	2,879,506	2,879,506
Deferred rental income	1,063,615	1,063,615
Withholding taxes payable	481,432	60,348
	11,826,531	20,738,376

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand.

**Note 8 - Borrowings**

The outstanding borrowings, which are unsecured and non-interest bearing, pertain to a loan from a related party amounting to P13.62 million as at June 30, 2024 and December 31, 2023.

The net debt reconciliation as at June 30 and December 31 is presented below:

	June 30, 2024	Dec 31, 2023
Borrowings as at beginning of period	13,624,642	13,624,642
Cash as at end of period	(25,387,748)	(39,408,062)
Net debt as at end of period	(11,763,106)	(25,783,420)

**Note 9 - Advances from prospective shareholders**

The account represents funds received from third parties which is expected to be settled by way of issuance of shares.

**Note 10 - Equity***(a) Share capital*

Share capital at June 30, 2024 and December 31, 2023 consist of:

Common shares – P1 par value	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares	(58,627,864)

*(b) Treasury shares*

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC), a subsidiary, in the Parent Company's shares.

**Note 11 - Basic and diluted earnings per share**

The computation of basic earnings per share for the period ended June 30 and December 31 follows:

	2024	2023
Net income (loss) attributable to shareholders of the Parent Company	(₱14,944,160)	(₱63,157,288)
Divided by the average no. of outstanding common shares	975,534,053	975,534,053
Basic earnings per share	(0.01532)	(0.0647)

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

**Note 12- Related party transactions**

The Group's transactions with related parties include those with associates and other related parties described below:

## a) Due from related parties

Details of the accounts at June 30 and December 31 follow:

	June 30, 2024	Dec 31, 2023
Entities under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)		
South China Holdings Corporation (SCHC)	1,770,891	1,647,286

b) Due to related parties

This account is composed of advances from the following related parties which were obtained for working capital purposes:

	June 30, 2024	Dec 31, 2023
Borrowings from		
Entity under common control		
Intrinsic Value Management (IVM)	13,624,642	13,624,642
Advances from		
Entity under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)	9,249,147	9,271,875

The above advances are non-interest bearing and are payable on demand thus, considered current.

**Note 13 - Leases - the Company as lessor**

The Parent Company occupies a portion of its investment property and uses it as an office space. The portion which is owner-occupied is properly classified as property and equipment. The remaining portion is leased to third parties.

**Note 14- Salaries and employee benefits**

Salaries and employee benefits for the period January 1 to June 30, 2024 and 2023 consist of:

	June 30, 2024	June 30, 2023
Salaries and wages	2,429,723	2,398,918
SSS, Philhealth and HDMF	155,099	137,583
Others	1,509,204	1,124,124
	4,094,026	3,660,625

**Note 15 – Provision for retirement benefits**

The Group has yet to adopt a formal retirement plan and only provided for the retirement obligation based on minimum required retirement benefit under Republic Act (RA) 7641. Under RA 7641, otherwise known as the Retirement Pay Law, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least five (5) years in a private company, may retire and shall be entitled to retirement pay equivalent to at least 1/2 month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year.

**Note 16 – Other Operating expenses**

Other operating expenses for the period January 1 to June 30, 2024 and 2023 consist of:

	June 30, 2024	June 30, 2023
Taxes and licenses	1,592,065	1,217,328
Transportation and travel	1,166,042	1,312,487
Communication, light and water	254,818	364,873
Other fees	250,000	250,000
Miscellaneous	5,569,771	4,559,373
	8,832,696	7,704,061

## **Note 17 - Financial risk and capital management**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

There were no changes in the Group's strategies and policies during the period.

### **17.1 Market risk**

#### *(a) Foreign exchange risk*

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

The reasonably possible movement in foreign currency exchange rates is based on projection by the Company using movement of the rates from the prior period.

#### *(b) Price risk*

The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss, investment properties and available-for-sale financial assets presented under other non-current assets in the consolidated statement of financial position. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

#### *(c) Interest rate risk*

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to interest rate risk as it has no interest-bearing financial instruments as at reporting dates.

### **17.2 Credit risk**

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

#### *Maximum exposure to credit risk*

The Group's exposure to credit risk primarily relates to cash in banks and financial receivables.

### **17.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

### **17.4 Fair value of financial assets and liabilities**

The carrying amounts of financial assets and liabilities approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

### **17.5 Fair value hierarchy**

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at June 30, 2024 and December 31, 2023, the Group's financial assets at fair value through profit or loss and available-for-sale financial assets are classified under Level 1 while investment properties are classified under Level 3 category. The Group uses the market approach for its investment properties. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

## 17.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to support the property development plans of IRC and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

### Note 18 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 18.1 Critical accounting estimate

##### *Estimate of fair value of investment properties*

The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Investment properties in 2024 and 2023 amounted to P591.543 million and P590.199 million, respectively. Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P59.15 million and P59.02 million higher or lower, respectively.

##### *Retirement benefits*

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

#### 18.2 Critical accounting judgments

##### *(a) Impairment of financial assets*

The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### *(b) Recognition of deferred income tax assets*

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

##### *(c) Entities in which the Group holds less than 50% interest*

Management consider that the Parent Company has de facto control over TAC, MAC, TICI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent Company has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's consolidated financial statements.

*(d) Impairment of investment properties*

The Group's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P591.543 million and P590.199 million as at June 30, 2024 and December 31, 2023. No impairment loss was recognized on investment properties for the period ended June 30, 2024 and the year ended December 31, 2023.

**Note 19 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**19.1 Basis of preparation**

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 19.

**19.2 Changes in accounting policy and disclosures**

**(a) Amended standards adopted by the Group**

The following amendments to existing standards were relevant and adopted by the Group for the first time from January 1, 2023:

- Amendments to PAS 1, *'Presentation of Financial Statements'*, and PFRS Practice Statement 2  
The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendment to PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*  
The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
- Amendments to PAS 12, *'Income Taxes'*  
The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.
- The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
  - right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The adoption of the amendments of PAS 1 was considered by management in the December 31, 2023 separate financial statements by disclosing material accounting policy information rather than significant account policies. All other amendments to existing standards are not expected to have a material impact on the financial statements of the Group. There are no other new standards, interpretations and amendments to existing standards effective January 1, 2023 that are considered to be relevant or have a material impact on the Group's financial statements.

#### (b) New standards, amendments and interpretations not yet adopted

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. None of these are expected to be relevant and have an effect on the financial reporting of the Group, while the most relevant ones are set out as follows:

- Amendments to PAS 1, *'Presentation of Financial Statements'*

Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The amendments did not significantly affect the Group's accounting policies and financial statements. Other new standards, and amendments and interpretations to existing standards.

### **19.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group as at June 30, 2024 and December 31, 2023. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

All subsidiaries are domestic companies registered and doing business in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stock. The subsidiaries' registered office and principal place of business is at 35<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

#### *(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

#### *(b) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### *(c) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## 19.4 Cash

Cash consist of cash on hand and deposits at call with banks. They are stated at face value or nominal amount.

## 19.5 Financial instruments

### 19.5.1 Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

#### *(a) Financial assets*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### *(i) Financial assets at amortized cost*

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank and notes and other receivables.

#### *(ii) Financial assets at FVPL*

Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Group's financial assets at FVPL are classified under this category.

#### *(b) Financial liabilities*

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) and advances from related parties.

### 19.5.2 Recognition and measurement

#### *(a) Initial recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

#### *(b) Subsequent measurement*

##### *(i) Financial assets at amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

*(ii) Financial assets at FVPL*

Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, including interest and dividend income and interest expense, are presented in profit or loss within fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

*(iii) Financial liabilities*

Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

### 19.5.3 Impairment

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

### 19.5.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

### 19.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at June 30, 2024 and December 31, 2023, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

## 19.6 Receivables

Receivables including advances and other receivables and due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 19.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the consolidated statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

## 19.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation, amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation or amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

### **19.9 Investment properties**

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

### **19.10 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions

on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2, respectively.

### **19.11 Impairment of non-financial assets**

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

### **19.12 Accounts payable and other liabilities**

Accounts payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are measured at the original invoice amount (as the effect of discounting is immaterial).

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 20.5.

### **19.13 Borrowings and borrowing costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

## 19.14 Employee benefits

### (a) *Retirement benefit obligation*

The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

### (b) *Other short-term benefits*

The Parent Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Parent Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

## 19.15 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

## 19.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

## 19.17 Equity

### *(a) Common shares*

Share capital consists of common shares, which are stated at par value, that are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

### *(b) Share premium*

Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

### *(c) Treasury shares*

Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

## 19.18 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the Parent Company by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

## 19.19 Income and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

### *(a) Rental income*

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

### *(b) Interest income and expense*

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between

parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

*(c) Dividend income*

Dividend income is recognized when the right to receive payment is established.

*(d) Other income*

Other income is recognized when earned.

*(e) Expenses*

Expenses are recognized when they are incurred.

## **19.20 Foreign currency transactions and translation**

*(a) Functional and presentation currency*

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## **19.21 Related party relationships and transactions**

*(a) Related party relationship*

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

*(b) Related party transaction*

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

## ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

On November 18, 2020, the Group entered into an agreement to develop a low-cost housing project. As at December 31, 2023, construction and development of the project has been completed.

As for its investment properties, the Group sold two parcels of land in 2021 and has entered into a new lease contract with a new tenant for a period of three (3) years commencing on September 15, 2021.

On August 9, 2023, the Parent Company's wholly-owned subsidiary, T&M Holdings, Inc.(TMHI) , entered into a Deed of Sale agreement for the purchase of a parcel of land for the purpose of developing and converting it to an affordable housing project with a total area of thirty six thousand six hundred seventy nine (36,679) square meters located in Barangay Bolboc, Lipa City, Batangas. TMHI has fully paid for the acquisition cost recorded in the books as "Investment properties". As at June 30, 2024, TMHI is in the process of documenting the transfer of ownership of the property, documentation of the planned subdivision project and planning for its design and development.

The following comprise the Group's short-term and long-term plans:

1. To acquire and develop properties for lease purposes;
2. To acquire properties for development of affordable housing units as part of its corporate social responsibility to contribute to the housing requirements of the country;
3. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The above plans will contribute to improve the results of operation of the Group in the following years.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Other than its gear towards opening projects on affordable housing, the Group does not anticipate other heavy requirement for working capital in 2024.

### Financial Position

	<b>June 30, 2024</b>	<b>December 31, 2023</b>		
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>Increase (Decrease)</b>	<b>%</b>
Current Assets	188,386,504	214,289,081	(25,902,577)	(12.09%)
Non-current Assets	593,359,424	590,562,215	2,797,209	0.47%
Total Assets	781,745,928	804,851,296	(23,105,368)	(2.87%)
Current Liabilities	229,435,773	238,669,014	(9,233,241)	(3.87%)
Non-current Liabilities	133,584,324	133,584,324	0	0.00%
Equity	418,725,831	432,597,958	(13,872,127)	(3.21%)

## Explanation to Accounts with Material Variance (June 2024 vs. December 2023)

### Current Assets

**Cash** amounted to P25.388 million as of June 30, 2024 as compared to P39.408 million as of December 31, 2023, or a decrease of 35.58% or P14.020 million attributed mainly to cash used for working capital and for the full payment for the investment property intended for affordable housing project.

**Financial assets at fair value through profit or loss** amounted to P114.212 million as of June 30, 2024 as compared to P117.981 million as of December 31, 2023, or a decrease of 3.19% or P3.769 million mainly due to recognition of unrealized loss on revaluation of securities as of end of June 2024.

**Receivables and other current assets** amounted to P48.787 million as of June 30, 2024 as compared to P56.900 million as of December 31, 2023, or a decrease of P8.113 million or 14.26% mainly due to collection of receivables related to the development of the housing project.

### Non-Current Assets

**Property and equipment, net** amounted to P1.816 million as of June 30, 2024 as compared to P0.363 million as of December 31, 2023, or an increase of 400.63% or P1.453 million mainly due to acquisition of transportation equipment, net of depreciation charges for the first two quarters.

**Investment properties** amounted to P591.543 million as of June 30, 2024 and P590.199 million as of December 31, 2023, or an increase of P1.344 million or 0.23% mainly due to additional expenses attributable to the acquisition of a property in Lipa City, Batangas. There is no increase in appraised value recognized during the first two quarters of 2024.

### Current Liabilities

**Accounts payable and other current liabilities** amounted to P11.827 million as of June 30, 2024 as compared to P20.738 million as of December 31, 2023, or a decrease of 42.97% or P8.912 million mainly due to payments/remittances made.

### Equity

**Retained Earnings (Deficit)** amounted to (P709.397 million) as of June 30, 2024 and (P694.453 million) as of December 31, 2023, or an increase in Deficit of P14.944 million attributed mainly to the net loss recognized by the Group for the first two quarters.

## Results of Financial Operations

### January to June 2024 compared with January to June 2023

	Six Months Ended June 30		Increase (Decrease)	%
	2024	2023		
Income	3,498,289	4,829,491	(1,331,202)	(27.56%)
Expenses	17,213,010	37,469,486	(20,256,476)	(54.06%)
Net Income (loss)	(13,872,127)	(32,984,801)	19,112,674	(57.94%)

A comparative review of the Registrant's financial operations for the six-month period ended June 30, 2024 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P1.331 million or 27.56% mainly due to lower management and service fees recorded during the current period. Interest income is lower during the current period by P420k or 96.30%. Foreign exchange gains during the first two quarters of 2024 amounted to P203K as compared to a foreign exchange loss of P71K in the same period of 2023.

Total expenses decreased by P20.256 million or 54.06% mainly due to unrealized loss on revaluation of securities of P25.327 million in 2023 as compared to P3.769 million in 2024.

Net loss before income taxes registered at P13.715 million for the first two quarters of 2024 and net loss after income tax provision amounted to P13.872 million.

### April to June 2024 compared with April to June 2023

	Three Months Ended June 30		Increase (Decrease)	%
	2024	2023		
Income	1,706,709	2,033,441	(326,732)	(16.07%)
Expenses	17,704,758	23,806,806	(6,102,048)	(25.63%)
Net Income (loss)	(16,069,949)	(21,858,417)	5,788,468	(26.48%)

A comparative review of the Registrant's financial operations for the six-months period ended June 30, 2024 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P0.327 million or 16.07% mainly due to decrease in management and service fees recognized during the period. Total expenses likewise decreased by P6.102 million or 25.63% mainly due to the unrealized loss on revaluation of securities amounting to P18.928 million for the period April to June 2023.

There are no significant elements of income that did not arise from the Registrant's continuing operations, neither is the Company's operations affected by any seasonality or cyclical trends.

### **Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations**

The Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment of its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

### **ITEM 3 - KEY PERFORMANCE INDICATORS**

The Company's key performance indicators are the following:

(In Percentage)

	<u>June 30, 2024</u>	<u>Dec. 31, 2023</u>
Net profit (loss) ratio	(3.9654)	(2.7336)
Return on assets	(0.0177)	(0.0805)
Return on equity	(0.0331)	(0.1498)
Current ratio	0.8211	0.8979
Acid test ratio	0.8090	0.8872
Debt to equity	0.8670	0.8605
Debt to asset	0.4644	0.4625
Asset to equity	1.8670	1.8605
Interest coverage	-	-
Earnings (loss) per share	(0.0153)	(0.0647)

Notes:

- 1) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
- 2) Return on assets is derived at by dividing Net income by Total Assets.
- 3) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
- 4) Current Ratio is expressed as Current Assets : Current Liabilities.
- 5) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value+ Receivables : Current Liabilities.
- 6) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
- 7) Debt to assets is expressed as Total liabilities: Total assets
- 8) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
- 9) Interest coverage is arrived at by dividing Operating income by Interest expense.
- 10) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) attributable to Equity Holders of the Parent Company over the average no. of the outstanding common shares.

## **PART II – OTHER INFORMATION**

### **ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES**

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

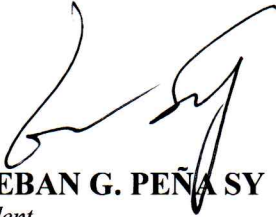
- a. Assets Subject to Lien and Restrictions on Sales of Assets
- b. Changes in Accounting Principles and Practices
- c. Defaults
- d. Preferred Shares
- e. Pension and Retirement Plans
- f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
- g. Significant Changes in Bonds, Mortgages and Similar Debt
- h. Registration with the Board of Investments (BOI)
- i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
- j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
- k. Segment Reporting
- l. Disclosure not made under SEC Form 17-C: None

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MABUHAY HOLDINGS CORPORATION**

Issuer



**ESTEBAN G. PEÑA SY**

*President*

Date: July 31, 2024



**GLORIA GEORGIA G. GARCIA**

*Treasurer & Chief Financial Officer*

Date: July 31, 2024